

**MINUTES  
for the  
FOURTH MEETING  
of the  
TRANSPORTATION INFRASTRUCTURE REVENUE SUBCOMMITTEE**

**October 5, 2015  
State Capitol, Room 307  
Santa Fe**

The fourth meeting of the Transportation Infrastructure Revenue Subcommittee was called to order by Senator John Arthur Smith, chair, on October 5, 2015 at 10:10 a.m. in Room 307 in the State Capitol.

**Present**

Sen. John Arthur Smith, Chair  
Rep. Rick Little, Vice Chair  
Rep. Cathrynn N. Brown  
Sen. Lee S. Cotter  
Sen. Ron Griggs  
Rep. Patricio Ruiloba  
Sen. Clemente Sanchez

**Absent**

Rep. Roberto "Bobby" J. Gonzales

**Advisory Members**

Sen. Carlos R. Cisneros  
Rep. David M. Gallegos  
Rep. Bealquin Bill Gomez  
Rep. Rod Montoya  
Rep. Jane E. Powdrell-Culbert

Sen. Jacob R. Candelaria  
Rep. Sharon Clahchischilliage  
Rep. D. Wonda Johnson  
Rep. Patricia A. Lundstrom  
Rep. Paul A. Pacheco  
Sen. William H. Payne  
Sen. William E. Sharer

**Staff**

Mark Edwards, Legislative Council Service (LCS)  
Nancy Martinez, Intern, LCS  
Alexandria Tapia, Contractor, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

## **Monday, October 5**

### **Review of the Transportation Funding Alternatives Pursued by Other States**

Pam Stokes, staff attorney, and Jeff Eaton, fiscal analyst, both with the LCS, presented to the subcommittee three models adopted by states to fund transportation needs. In providing background, the presenters explained that federal funding sources have been in decline for several years. Some states tied their gas tax to the price of fuel, and when prices fell, their program revenues for road construction and maintenance also fell. New Mexico has one of the lowest tax rates on gasoline at 17 cents per gallon (cps). In 2015, seven states — Georgia, Idaho, Iowa, Nebraska, South Dakota, Utah and Washington — passed legislation to increase gas taxes. The goal of these states was to establish sustainable taxes that produce reliable funding for programs. The presentation by the LCS focused on the legislation adopted by Utah, Kentucky and North Carolina.

#### *Utah's House Bill (HB) 362 (2015)*

Effective July 1, 2015, the new law replaced the state's 24.5 cpg gas tax with a 12% tax on the annual average wholesale price of a gallon of gas in the state. The law sets a minimum tax based on a \$2.45 wholesale price per gallon regardless of the actual wholesale price. Likewise, the law sets a maximum gas tax based on a \$3.33 wholesale price per gallon. Between the minimum and maximum tax rates, once the actual wholesale price of gas reaches \$2.45, the tax may increase each year by adding a rate calculation on any positive change in the actual wholesale price or on a positive change in the Consumer Price Index (CPI), whichever is greater. The tax will never decrease. The tax on diesel is imposed at the same rates as gasoline. Subject to a vote, counties are authorized to increase the sales tax by .25% to provide additional transportation funding as specified by the bill. Additionally, the tax on alternative fuels incrementally increased from 8.5 cpg equivalent to 16.5 cpg. The Utah Department of Transportation is required to continue studying a usage-based revenue system as an alternative revenue source.

#### *Kentucky's HB 299 (2015)*

Kentucky enacted HB 299 to deal with volatility in gas prices and provide stabilization for revenues and consumers. The legislation raises the tax floor from 21.1 cpg to 26 cpg. The tax consists of two parts: a flat rate of 6.4 cpg; and a variable rate equal to 9% of the average wholesale price of gasoline. The new tax will be calculated once a year based on the prior year's wholesale prices; it cannot rise more than 10 cents in a year.

#### *North Carolina's Senate Bill (SB) 20 (2015)*

This legislation reset the motor fuels tax rate to correct the growing gap between revenues and the demand for transportation infrastructure. The law also adds a new variable component for calculating future rates. When the law was enacted in March 2015, the tax was 37.5 cpg. This tax rate combined a 17.5 cpg flat rate with 7% of the average wholesale price of gasoline. The new tax law first reduces the rate from 37.5 cpg to 34 cpg over 15 months and then sets 34 cpg as the new base rate. Beginning in January 2017, the law establishes a growth index

combining 75% of the change in population and 25% of the change in the CPI for all urban consumers. The tax rate will then be calculated annually by adding the percentage change in the growth rate to the 34 cpg base rate. In SB 20, population is used as a stabilizing factor to create a stable revenue source. Mr. Eaton said the North Carolina growth index includes the change in population as a stabilizing factor to counter market variability.

Following the presentation by Ms. Stokes and Mr. Eaton, the subcommittee discussed the following topics:

- action at the federal level in regard to road infrastructure funds;
- forecast of funding available during the upcoming legislative session;
- legislation enacted in Georgia;
- potential effects on tribal entities with the different model legislation;
- hybrid vehicle flat rate tax potential imposed by other states;
- Corrective Action Fund and State Road Fund contributions;
- price fixing and the price stabilization impact of large quantity retailers; and
- gas price disparities among neighboring communities.

**New Mexico State University (NMSU) College of Engineering: (1) the Future of Roads in New Mexico — Challenges and Opportunities; and (2) Maintaining the Department of Transportation as the "Best Engineering Crew" in the Southwest — Attracting Engineering Graduates to Public Work**

A panel of professors from the NMSU College of Engineering met with the subcommittee to discuss the future of New Mexico roads and challenges and opportunities facing their department. Douglas Cortes, Ph.D., assistant professor of civil engineering, NMSU, spoke about the current conditions of the New Mexico roadway system. According to Dr. Cortes' presentation, 23% of major locally and state-maintained urban roads and highways are in poor condition. Another 41% are considered to be in "fair" condition. The typical pavement design has a life span between 20 and 25 years. However, road integrity is challenged in several ways, in addition to the normal wear and tear of vehicle travel. There are two types of premature pavement failure: (1) progressive failure; and (2) catastrophic failure. Causes of progressive failure include an increase in the number and weight of vehicles, aging of pavement components, inadequate design, unstable subgrades and deficient construction materials. Catastrophic failures are a result of natural hazards such as floods, fires or earthquakes.

Dr. Cortes said road integrity is also challenged by the costs of pavement construction and maintenance. He added that the same type of pavement has been used for over a century. During that time, material costs have increased substantially. Dr. Cortes shared a new method of building roads called "inverted pavements", which shifts the emphasis to the pavement foundation instead of the surface. There are test sections in states around the country, including New Mexico, and NMSU has been acquiring expertise on the matter. Dr. Cortes highlighted some of the department's faculty work and its partnership with the Department of Transportation (DOT).

David V. Jauregui, Ph.D., P.E., department head of civil engineering, NMSU, focused on career opportunities and growth in the field of civil engineering. Dr. Jauregui stated that NMSU civil engineering graduates have an interest in staying in the state, and the Department of Civil Engineering has seen an increase in enrollment over the past five years amid an overall decline in college enrollment. NMSU has been part of a collaborative partnership with the DOT to create a competitive employee career pathway and is also working to build a strong K-12 student science, technology, engineering and mathematics (STEM) pipeline.

Patricia Sullivan, Ph.D., associate dean, College of Engineering, NMSU, spoke more about the STEM pipeline as a recruitment strategy for the college. Dr. Sullivan shared some of the efforts to engage students through career fairs, summer internships and engineering design challenges. The NMSU bridge engineering program, founded in 1987, allows for hands-on training as undergraduate students travel throughout the state to inspect 100 to 150 bridges per year. The goal is to increase the visibility of civil engineering as a career choice and the job opportunities within the state after graduation.

The panel concluded the presentation by discussing the following items with the subcommittee:

- an explanation of road construction and layer adjustments for fluctuation in temperature;
- causes for cracking and erosion in pavement;
- position vacancies at the DOT;
- salary disparities and difficulties with recruitment to the public sector;
- the need for increased support of students nearing graduation;
- elimination of non-degree-related requirements for students with declared majors;
- NMSU research resources available to counties and municipalities; and
- the importance of retaining students in the state after graduation.

### **Diverse Transportation Works Within the Farmington Metropolitan Planning Organization**

Teresa Brevik, special projects manager, City of Bloomfield, provided an overview of projects in Bloomfield. The local government struggles with stimulating economic development and hopes to create jobs through public/private partnerships. Ms. Brevik emphasized Bloomfield's goal to make the city a place where residents and visitors want to live, work, play and shop and that would attract residents of all ages, including millennials. The city's current projects include the following.

(1) *East Blanco Boulevard reconstruction and bridge replacement.* This project has been on the city council's agenda for many years. It is a minor arterial through Bloomfield. Project completion will require an additional \$1.5 million.

(2) *Vereda del Rio San Juan River Trail*. The river trail project was started in 2006 with state parks funding. To date, only half of the original plan is completed, and the city will need more funding to complete the entire loop through the public park.

(3) *Main Street revitalization*. Bloomfield has two major highways that intersect in the middle of town, impairing the Main Street atmosphere. Creating a pedestrian-friendly town center is viewed as a great economic development project and enhancement for a town the size of Bloomfield.

(4) *Bloomfield Riverwalk*. The addition of a riverwalk would support the Main Street concept. Environmental efforts for this project are in progress, and Bloomfield is currently working with developers to create an entry corridor and economic center.

Fran Fillerup, associate planner, Farmington Metropolitan Planning Organization (FMPO), discussed the organization's findings from recent surveys and public meetings regarding its 2040 Metropolitan Transportation Plan. Consistently raised during public meetings were concerns about limited transit, limited walkability, missing connections (roads, bikeways, paths), aesthetics/quality of life, rail service, recreational trails and regional bus service. Based on the findings, the FMPO has ranked its top three priorities as: (1) pedestrian safety; (2) major roads; and (3) bicycle routes. Mr. Fillerup said these priorities are also what citizens were most willing to pay for.

Duane Wakan, planner, FMPO, explained the concept of "Complete Streets" — a design concept that seeks to balance the streets to allow for all types of transportation and increases ease of use for all users. Complete Streets encourages safe routes to school, multimodal transportation, public health and economic development. Mr. Wakan and the other presenters stressed the need to attract young professionals into their communities and increase opportunities for economic growth.

In response to comments and questions from subcommittee members, the presenters addressed the following points:

- the historical reliance by small communities on capital outlay funding for projects;
- growing interest in bicycling lanes and bicycling as a mode of transportation;
- challenges in attracting millennials and increasing opportunity;
- project details regarding Bloomfield's bridge replacement; and
- the cost of maintenance for Complete Street additions.

### **City of Rio Rancho — Roads Overview**

Greggory D. Hull, mayor, City of Rio Rancho, presented an update on current projects in the City of Rio Rancho. Mayor Hull provided a detailed description of the projects, their funding sources and needs, a timetable for completion and their overall benefit to the city. Rio Rancho's street systems require increased investment for preventive maintenance, rehabilitation of

surfaces, reconstruction and system expansion. Because of these needs, Rio Rancho has been looking at options to increase revenues for roads. Some of these options include general obligation bonding and a new gross receipts tax increment.

Mayor Hull informed the subcommittee about the Paseo del Volcan (PdV) extension. A seven-mile stretch of PdV (N.M. 347) now exists in Rio Rancho from U.S. 550 to Unser Boulevard. An additional 23 miles of roadway need to be built to connect the existing section in Rio Rancho to I-40 in Albuquerque; the estimated cost of that construction is \$96 million. The current focus of the project is on the construction of the interchange at I-40 in Albuquerque, along with a variety of right-of-way acquisitions/donations along the project corridor. An analysis of economic development opportunities for this transportation corridor indicates tens of thousands of acres of land would be opened up for development, which could include new industry, manufacturing and other businesses. The continual expansion of the City of Rio Rancho will demand a greater need for additional river crossings to ease commuting traffic issues with neighboring Albuquerque. Mayor Hull emphasized the importance of these road projects in increasing economic development and safety and allowing better access to health care facilities.

The subcommittee discussed the following items with Mayor Hull relating to his presentation:

- increased demand for water with the addition of new construction;
- water rights for the City of Rio Rancho and investment in water reinjection projects;
- opportunities for new business parks, housing developments and retail space;
- recognition of work done by the DOT on the U.S. 598 project;
- the effect on senior centers created by streets lacking sidewalks with wheelchair-accessible ramps;
- specifics regarding the PdV connection project — areas that would be connected by the add-on; and
- cost of the PdV extension and potential funding sources.

A subcommittee member cautioned the audience about the projected state budget for the upcoming session. If the projection holds true, it is expected to have a significant impact on capital outlay and road project funding. The subcommittee member cited the possibility of an increase to the gas tax to meet the need for funding for various projects around the state, noting that New Mexico has not increased its gasoline tax since 1993.

### **Emerging Transportation Needs: Implementing Complete Streets**

A panel presented to the subcommittee the potential for implementing Complete Streets in communities around the state. The DOT's long-range plan, the "New Mexico 2040 Transportation Plan" (2040 plan), was adopted in 2015. This plan stresses the importance of accommodating all roadway users. Although the 2040 plan is an important step toward Complete Streets practices, Complete Streets legislation would provide critical support for implementation. According to the National Complete Streets Coalition, the Complete Streets

plan is designed, operated and maintained to enable safe access for all users. People of all ages and abilities are able to safely move along and across streets in a community, regardless of how they are traveling. The Complete Streets plan minimizes conflicts among users of public transportation, drivers, pedestrians and bicyclists in the public right of way.

Isaac Benton, Albuquerque city councilor, District 2, explained a new Complete Streets ordinance in Albuquerque. He said that the infrastructure is older and that the rights of way are smaller in many parts of the city. The Complete Streets ordinance does not apply to residential streets but focuses on urban roads. The concept provides direction to the city's Engineering Division when planning projects. In rehabilitation projects, the engineers need to look at the existing rights of way and do the most that can be done to bring the area up to the Complete Streets standard. Councilor Benton said that the Greater Albuquerque Chamber of Commerce supports the Complete Streets initiative as being good for business and encouraging economic development.

Carmichael Dominguez, Santa Fe city councilor, District 3, informed the subcommittee that a resolution was passed in 2007 to recognize the Complete Streets concept in the City of Santa Fe. He said that Complete Streets principles have been incorporated into new development projects and that a new focus has been placed on creating "green lanes" for bicycles. He said this design concept is also helpful for individuals who do not have access to personal transportation by providing easy access to grocery stores and bus stops. He said that using Complete Streets principles will spur economic growth and encourage healthy practices by making it safer for people to use alternative methods of transportation.

Julie Luna, transportation planner, Mid-Region Council of Governments, clarified that the Complete Streets design is a policy, not a mandate. It provides a model for communities to adopt safer practices in street design. Ms. Luna pointed out that New Mexico has a very high rate of pedestrian fatalities — the state had the highest three-year (2011-2013) pedestrian-fatality rate in the nation at 3.01 fatalities per 100,000 population. Ms. Luna noted that while it is less expensive to construct a Complete Streets design in a new development, the concept is also a great model for areas that are being renovated. The Mid-Region Council of Governments is seeking the support of the New Mexico Legislature to adopt Complete Streets as a policy for the state, in addition to supporting the 2040 plan.

The subcommittee discussed the following topics with the panel:

- the potential to address cyclist needs along highways by increasing the width of roadway shoulders during road rehabilitation;
- challenges to implementing new methods and institutional resistance to change. A panelist stated that Complete Streets concepts are now commonly part of the curriculum for students studying traffic engineering and municipal design; and
- collaboration of Complete Streets renovation with the MainStreet Program.

**Approval of Minutes**

Upon a motion by Senator Sanchez to approve the August minutes of the subcommittee, seconded by Senator Griggs, the subcommittee adopted the minutes without objection.

**Adjournment**

There being no further business, the subcommittee adjourned at 4:07 p.m.